

Message Text

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ORIGIN EB-08

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FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI
INFO AMEMBASSY SEOUL
USDEL MTN GENEVA

C O N F I D E N T I A L STATE 089259

E.O. 11652: GDS

TAGS: ETRD

SUBJECT: NON-RUBBER FOOTWEAR-TALKS WITH Y.T. WONG, GROC
DIRECTOR OF FOREIGN TRADE

1. ON APRIL 15, Y.T. WONG, DIRECTOR GENERAL OF THE GROC'S
BOARD OF FOREIGN TRADE MET WITH AN INTERAGENCY TEAM LED BY
STR OFFICIAL STEVE LANDE. ACCOMPANYING WONG WERE BOARD OF
TRADE OFFICIALS C.L. SHUE, W.A. WU AND T.W. HU. THERE
WAS A USEFUL DISCUSSION IN WHICH BOTH SIDES OUTLINES
GENERAL POSITIONS REGARDING AN ORDERLY MARKETING AGREEMENT
(OMA) ON NON-RUBBER FOOTWEAR BETWEEN THE TWO COUNTRIES.
THE DISCUSSION DID NOT GET INTO DETAILS NOR ANY TECHNICAL
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MATTERS. IT WAS AGREED THAT NEGOTIATIONS WOULD BEGIN
IN TAIPEI ON MAY 5. TRAVEL PLANS WILL FOLLOW SEPTTEL.

2. LANDE EXPLAINED THAT THE USG WAS SEEKING OMAS WITH
TAIWAN AND KOREA BECAUSE THOSE TWO COUNTRIES ACCOUNTED
FOR THE RAPID GROWTH OF U.S. IMPORTS BETWEEN 1974 AND 1976.
HE EMPHASIZED THE IMPORTANCE THE USG ATTACHED TO THESE

AGREEMENTS AND SAID THAT IN THE ABSENCE OF AGREEMENTS WE WOULD PROBABLY HAVE TO TAKE MORE RESTRICTIVE ACTION WITH TAIWAN AND KOREA THAN WOULD BE NEGOTIATED WITH THEM. HE NOTED THAT EVEN WITH AN AGREEMENT, THERE WAS A RISK OF A CONGRESSIONAL OVERRIDE.

3. Y.T. WONG RESPONDED THAT THE U.S. CAN COUNT ON THE VERY SINCERE GOOD WILL OF THE GROC TO HELP SOLVE WHAT THEY UNDERSTAND AS A POLITICAL RATHER THAN AN ECONOMIC PROBLEM AND THAT THE GROC IS READY TO ENTER NEGOTIATIONS. HE NOTED, HOWEVER, THAT AN OMA CALLING FOR ABSOLUTE IMPORT LEVELS WAS MORE RESTRICTIVE THAN THE ITC'S TARIFF-RATE QUOTA APPROACH AND THAT TAIWAN'S LOW PRICED VINYL SHOES WERE NOT REALLY COMPETITIVE WITH ANY SHOES MANUFACTURED IN THE U.S. WONG SAID THAT THE GROC BELIEVED THAT SHOES UNDER \$1.20 SHOULD BE EXCLUDED FROM THE OMA AS WELL AS LEATHER FOOTWEAR SINCE WE WERE NOT NEGOTIATING OMA'S WITH MAJOR LEATHER SHOE EXPORTERS. HE EXPRESSED CONCERN THAT WHILE TAIWAN WOULD BE UNDER AN OMA, OTHER COUNTRIES WOULD SUBSTANTIALLY INCREASE THEIR EXPORTS TO THE U.S. WONG SUMMED UP HIS POSITION BY STATING THAT IF THE U.S. WANTED MANDATORY QUOTAS SUBSTANTIALLY LOWER THAN 1976 LEVELS AND STRICT MANDATORY CATEGORIES, THE USG WOULD HAVE TO TAKE UNILATERAL ACTION BECAUSE THE GROC COULD NOT JUSTIFY SUCH AN AGREEMENT TO THE TAIWAN SHOE INDUSTRY.

4. LANDE SAID THE USG WOULD HAVE CONSIDERABLE DIFFICULTY EXCLUDING CATEGORIES OF SHOES SUCH AS LOW PRICED SHOES BECAUSE THE U.S. INDUSTRY SAYS IT CAN PRODUCE A SLIGHTLY CONFIDENTIAL

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HIGHER PRICED BUT COMPETITIVE SHOE, IF WOULD RAISE SERIOUS MONITORING PROBLEMS AND THE USITC DID NOT EXCLUDE THEM IN ITS FINDINGS OF INJURY. HE ALSO POINTED OUT THAT WHILE A TARIFF-RATE QUOTA IS, IN PRINCIPLE, LESS RESTRICTIVE THAN AN ABSOLUTE QUOTA, IT WAS NOT CLEAR THAT THE USITC RECOMMENDATION OF A TARIFF-RATE QUOTA BASED ON 1974 IMPORT LEVELS WOULD BE LESS RESTRICTIVE THAN AN OMA. WONG TOOK THE POINT AND SEEMED TO WANT A TARIFF-RATE QUOTA AT A HIGHER LEVEL THAN THE ITC RECOMMENDATION. LANDE ALSO

REASSURED WONG THAT THE USG WOULD TAKE THE NECESSARY MEASURES TO PREVENT THIRD COUNTRIES FROM SERIOUSLY ERODING TAIWAN'S POSITION IN THE U.S. MARKET DURING THE PERIOD OF THE AGREEMENT AND HE BRIEFLY MENTIONED THE SHOE IMPORT MONITORING SYSTEM THAT WAS BEING IMPLEMENTED FROM MAY 1 FOR THIS PURPOSE.
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Message Attributes

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Disposition Approved on Date:
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